

Legislative Costing Note

Announcement date:	2020-03-25 (C-13)
Publication date:	2020-04-09
Short title:	Financial support for Canada's Air Transportation Sector
Description:	Waiving rents paid on ground leases for the 21 airport authorities that form part of the National Airport System and for PortsToronto which operates Billy Bishop Toronto City Airport for March 2020 through December 2020.
Data sources:	Airport Revenues 2018, 2020 Airport 2018 Annual Reports, PBO estimates (projected):
Estimation and projection method:	<p>The reported airport revenues for 2018 were collected from the associated airports 2018 Annual Report. The PBO calculated airline industry shock was applied to the reported 2018 revenues. The revenue growth rate projected for each airport was applied to the 2018 shocked revenues to estimate the airport revenues in 2020. An average growth rate was applied to airports that did not project future revenues.</p> <p>The rent formula was applied to the projected 2020 revenues, as rent payments are based on revenues earned. The share of revenues for March 2020 through December 2020 was applied to the total rent owed to calculate the total rent waived.</p>
Aggregate Results:	<p>PBO estimates total net cost of this measure to be \$119 million.</p> <p>The time horizon for this costing is aligned to PBO's current Economic and Fiscal Scenario, although there may be potential fiscal impacts for subsequent years.</p>
Source of Uncertainty:	The validity of the estimate is dependent upon the realized airport revenues for 2020, and therefore, the realized impact COVID-19 will have on the airline industry. PBO does not expect a behavioural response to this announcement.
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Cost of proposed measure

\$ millions	2019-2020	2020-2021
Total cost	12	107

Notes:

Estimates are presented on an accruals basis as would appear in the budget and public accounts.

Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

"-" = PBO does not expect a financial cost